

**Senate Bill No. 1228**

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Passed the Senate August 29, 2014

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*Secretary of the Senate*

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Passed the Assembly August 28, 2014

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Chapter 4.8 (commencing with Section 2192) to Division 3 of the Streets and Highways Code, relating to transportation.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1228, Hueso. Trade Corridors Improvement Fund.

Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B at the November 7, 2006, statewide general election, provides for transfer of \$2 billion of bond proceeds to the Trade Corridors Improvement Fund, created by the bond act, for infrastructure improvements along federally designated Trade Corridors of National Significance, to be allocated by the California Transportation Commission to eligible projects, as specified.

This bill would continue the Trade Corridors Improvement Fund in existence for the purpose of receipt and expenditure of revenues from sources other than the bond act. The bill would provide for allocation of these revenues, upon appropriation, by the California Transportation Commission for largely similar purposes as the bond act funds, but would specifically reference, as eligible projects, infrastructure improvements that benefit the state's land ports of entry, seaports, and airports. The bill would require the commission to consult specified plans and a specified strategy in determining the projects eligible for funding and to allocate moneys from the fund consistent with a provision of the bond act and specified fund guidelines adopted by the commission.

The bill, to the extent moneys are transferred to the Trade Corridors Improvement Fund from the Greenhouse Gas Reduction Fund, would require projects funded with those moneys to be subject to all of the requirements of existing law applicable to the expenditure of moneys appropriated from the Greenhouse Gas Reduction Fund, including, among other things, furthering the regulatory purposes of the California Global Warming Solutions Act of 2006.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares that international trade in California is an increasingly important component of the state's \$2 trillion economy. In 2013, California exported \$168 billion in products, an increase of more than 4 percent over the amount exported in 2012. California has five major land ports of entry, yielding \$535.9 billion in economic activity in 2012. California is also home to 11 seaports on over 1,000 miles of coastline. Seaports generate billions of dollars in economic activity and millions of jobs. Land ports of entry and seaports create busy borders and harbors with heavy industrial commerce. It is imperative that safety issues and pollution generated by trade are mitigated in order to reduce those impacts and to allow additional growth in international trade.

SEC. 2. Chapter 4.8 (commencing with Section 2192) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 4.8. TRADE CORRIDORS IMPROVEMENT FUND

2192. (a) The Trade Corridors Improvement Fund, created pursuant to subdivision (c) of Section 8879.23 of the Government Code, is hereby continued in existence to receive revenues from sources other than the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. This chapter shall govern expenditure of those other revenues.

(b) The moneys in the fund from those other sources shall be available upon appropriation for allocation by the California Transportation Commission for infrastructure improvements in this state on federally designated Trade Corridors of National and Regional Significance, on the Primary Freight Network, and along other corridors that have a high volume of freight movement, as determined by the commission. In determining the projects eligible for funding, the commission shall consult the state Transportation Agency's state freight plan as described in Section 13978.8 of the Government Code, the State Air Resources Board's Sustainable Freight Strategy adopted by Resolution 14-2, and the trade infrastructure and goods movement plan submitted to the commission by the Secretary of Transportation and the Secretary of Environmental Protection Agency. The commission shall also

consult trade infrastructure and goods movement plans adopted by regional transportation planning agencies, adopted regional transportation plans required by state and federal law, and the statewide port master plan prepared by the California Marine and Intermodal Transportation System Advisory Council (Cal-MITSAC) pursuant to Section 1730 of the Harbors and Navigation Code, when determining eligible projects for funding. Eligible projects for these funds include, but are not limited to, all of the following:

(1) Highway capacity improvements and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's land ports of entry and seaports, including navigable inland waterways used to transport freight between seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.

(2) Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers throughout California, including projects that separate rail lines from highway or local road traffic, improve freight rail mobility through mountainous regions, relocate rail switching yards, and other projects that improve the efficiency and capacity of the rail freight system.

(3) Projects to enhance the capacity and efficiency of ports.

(4) Truck corridor improvements, including dedicated truck facilities or truck toll facilities.

(5) Border access improvements that enhance goods movement between California and Mexico and that maximize the state's ability to access coordinated border infrastructure funds made available to the state by federal law.

(6) Surface transportation and connector road improvements to effectively facilitate the movement of goods, particularly for ingress and egress to and from the state's land ports of entry, airports, and seaports, to relieve traffic congestion along major trade or goods movement corridors.

(c) (1) The commission shall allocate funds for trade infrastructure improvements from the fund consistent with Section 8879.52 of the Government Code and the Trade Corridors Improvement Fund (TCIF) Guidelines adopted by the commission on November 27, 2007, or as amended by the commission, and in

a manner that (A) addresses the state's most urgent needs, (B) balances the demands of various land ports of entry, seaports, and airports, (C) provides reasonable geographic balance between the state's regions, and (D) places emphasis on projects that improve trade corridor mobility while reducing emissions of diesel particulate and other pollutant emissions.

(2) In addition, the commission shall also consider the following factors when allocating these funds:

(A) "Velocity," which means the speed by which large cargo would travel from the land port of entry or seaport through the distribution system.

(B) "Throughput," which means the volume of cargo that would move from the land port of entry or seaport through the distribution system.

(C) "Reliability," which means a reasonably consistent and predictable amount of time for cargo to travel from one point to another on any given day or at any given time in California.

(D) "Congestion reduction," which means the reduction in recurrent daily hours of delay to be achieved.

2192.1. (a) To the extent moneys from the Greenhouse Gas Reduction Fund, attributable to the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, are transferred to the Trade Corridors Improvement Fund, projects funded with those moneys shall be subject to all of the requirements of existing law applicable to the expenditure of moneys appropriated from the Greenhouse Gas Reduction Fund, including, but not limited to, both of the following:

(1) Projects shall further the regulatory purposes of the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code), including reducing emissions from greenhouse gases in the state, directing public and private investment toward disadvantaged communities, increasing the diversity of energy sources, or creating opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce emissions of greenhouse gases.

(2) Projects shall be consistent with the guidance developed by the State Air Resources Board pursuant to Section 39715 of the Health and Safety Code.

(b) All allocations of funds made by the commission pursuant to this section shall be made in a manner consistent with the criteria expressed in Section 39712 of the Health and Safety Code and with the investment plan developed by the Department of Finance pursuant to Section 39716 of the Health and Safety Code.

2192.2. The commission shall allocate funds made available by this chapter to projects that have identified and committed supplemental funding from appropriate local, federal, or private sources. The commission shall determine the appropriate amount of supplemental funding each project should have to be eligible for moneys from the fund based on a project-by-project review and an assessment of the project's benefit to the state and the program. Except for border access improvements described in paragraph (5) of subdivision (b) of Section 2192, improvements funded with moneys from the fund shall have supplemental funding that is at least equal to the amount of the contribution from the fund. The commission may give priority for funding to projects with higher levels of committed supplemental funding.

2192.3. The commission shall include in its annual report to the Legislature, required by Section 14535 of the Government Code, a summary of its activities related to the administration of this chapter. The summary shall, at a minimum, include a description and the location of the projects contained in the program funded by the fund, the amount of funds allocated to each project, the status of each project, and a description of the mobility and air quality improvements the program is achieving.



Approved \_\_\_\_\_, 2014

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*Governor*